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**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION

COMBINED FINANCIAL STATEMENTS AND
AUDITOR'S REPORT

DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-16-07

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southeast Louisiana Legal Services Corporation and
New Orleans Legal Assistance Corporation

I have audited the accompanying combined statement of financial position of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation (non-profit corporations) as of December 31, 2006, and the related combined statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 2005 financial statements and, in my report dated April 7, 2006, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated April 3, 2007, on my consideration of Southeast Louisiana Legal Services Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the combined basic financial statements of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the combined financial statements of the Corporation. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined basic financial statements taken as a whole.

Justin J. Scanlon, CPA

New Orleans, Louisiana
April 3, 2007

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
COMBINED STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2006

ASSETS

**TOTAL
MEMORANDUM ONLY
DECEMBER 31, 2005**

CURRENT ASSETS

Cash	\$ 885,282	\$ 517,540
Cash in escrow-client deposits	69,039	36,694
Certificates of deposit	300,000	100,000
Receivables		
Grants	140,869	154,732
Other	31,223	44,840
Prepaid expenses and deposits	<u>22,947</u>	<u>51,008</u>
Total current assets	1,449,360	904,814
Property and equipment-at-cost (Notes A4 and B)	<u>11,185</u>	<u>12,162</u>
Total assets	<u>\$ 1,460,545</u>	<u>\$ 916,976</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 83,020	\$ 67,773
Accrued taxes and expenses (Note C)	259,855	225,636
Client court costs advanced	<u>69,039</u>	<u>36,694</u>
Total current liabilities	411,914	330,103
Commitments (Note D)	-	-
Net assets		
Unrestricted	476,665	359,480
Temporarily restricted (Note E)	<u>571,966</u>	<u>227,393</u>
Total net assets	<u>1,048,631</u>	<u>586,873</u>
Total liabilities and net assets	<u>\$ 1,460,545</u>	<u>\$ 916,976</u>

The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

COMBINED STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL MEMORANDUM ONLY For the year ended December 31, 2005</u>
REVENUE				
Grants and fees	\$ 166,207	\$ 3,286,688	\$ 3,452,895	\$ 3,599,463
Interest	383	51,361	51,744	15,705
Donations	7,402	286,383	293,785	155,320
Other	-	372,853	372,853	5,040
Net assets released from restrictions	<u>3,622,944</u>	<u>< 3,622,944 ></u>	<u>-</u>	<u>-</u>
Total revenues	3,796,936	374,341	4,171,277	3,775,528
EXPENSES				
Personnel:				
Salaries – lawyers	1,636,572	-	1,636,572	1,435,904
Salaries – non-lawyers	724,013	-	724,013	712,088
Fringe benefits	<u>584,053</u>	<u>-</u>	<u>584,053</u>	<u>541,270</u>
Total personnel expenses	2,944,638	-	2,944,638	2,689,262
Contract services	142,022	-	142,022	147,231
Travel and training	45,729	-	45,729	35,697
Space costs	197,702	-	197,702	173,262
Supplies	57,697	-	57,697	46,146
Equipment	166,692	-	166,692	95,604
Depreciation	10,241	-	10,241	9,104
Litigation	15,823	-	15,823	9,277
Other	<u>99,207</u>	<u>-</u>	<u>99,207</u>	<u>122,325</u>
Total expenses	<u>3,679,751</u>	<u>-</u>	<u>3,679,751</u>	<u>3,327,908</u>
Increase <decrease> in net assets	117,185	374,341	491,526	447,620
Return of funds to funding source	-	< 29,768 >	< 29,768 >	-
Net assets, beginning of year	<u>359,480</u>	<u>227,393</u>	<u>586,873</u>	<u>139,253</u>
Net assets, end of year	<u>\$ 476,665</u>	<u>\$ 571,966</u>	<u>\$ 1,048,631</u>	<u>\$ 586,873</u>

The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2006

**TOTAL
MEMORANDUM ONLY
December 31, 2005**

Increase <decrease> in cash and cash equivalents

Cash flows from operating activities:

Increase <decrease> in net assets	\$ 491,526	\$ 447,620
Adjustments to reconcile increase <decrease> in net assets to net assets provided by <used in> operating activities:		
Depreciation	10,242	9,104
Return of funds to funding source	< 29,768>	-

Changes in assets and liabilities:

<Increase> decrease in client deposits	< 32,345>	< 2,263>
<Increase> decrease in grants receivable	13,863	< 98,384>
<Increase> decrease in other receivables	13,617	< 6,729>
<Increase> decrease in prepaid expenses and deposits	28,061	7,781
Increase <decrease> in accounts payable	15,247	< 28,681>
Increase <decrease> in accrued liabilities	34,219	< 11,173>
Increase <decrease> in client court costs advanced	<u>32,345</u>	<u>2,263</u>
Net cash provided by <used in> operating activities	<u>577,007</u>	<u>319,538</u>

Cash flows from investing activities:

Purchase of certificate of deposit	< 200,000>	-
Acquisition of equipment	<u>< 9,265></u>	<u>-</u>
Net cash provided by <used in> investing activities	<u>< 209,265></u>	<u>-</u>

Net increase <decrease> in cash and cash equivalents	367,742	319,538
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Cash and cash equivalents, beginning of year	<u>517,540</u>	<u>198,002</u>
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Cash and cash equivalents, end of year	<u>\$ 885,282</u>	<u>\$ 517,540</u>
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The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Southeast Louisiana Legal Services Corporation is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance in a ten parish area: Tangipahoa, Livingston, St. Helena, St. Tammany, Washington, Orleans, Jefferson, St. Bernard, St. Charles and Plaquemines. Southeast Louisiana Legal Services Corporation is principally funded through grants from Legal Services Corporation, a nonprofit corporation established by Congress to administer a nationwide legal assistance program. Legal Services Corporation's funding constituted 57% of the total funding for the corporation.

New Orleans Legal Assistance Corporation is a nonprofit corporation organized for the purpose of providing legal assistance in non-criminal proceedings or matters to persons residing in Orleans, Jefferson, St. Bernard, St. Charles, and Plaquemines Parishes who are financially unable to afford legal assistance.

2. Financial Statement Presentation

The financial statements are presented in accordance with the disclosure and reporting requirements of the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There are no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Revenue Recognition

Southeast Louisiana Legal Services Corporation recognizes annualized grant funds from Legal Services Corporation as support on a straight-line basis over the grant period. Funds remaining unexpended at the end of an accounting period are recorded as temporarily restricted net assets. Subject to the provisions of Legal Services Corporation's Fund Balance Regulations, Southeast Louisiana Legal Services Corporation may use unspent funds in future periods as long as expenses incurred are in compliance with the specified terms of the Legal Services grant as defined. Legal Services Corporation may, at its discretion, request reimbursement for expenses or return of funds, or both as a result of noncompliance by Southeast Louisiana Legal Services Corporation with the terms of the grant. In addition, if Southeast Louisiana Legal Services Corporation terminates its Legal Services grant activities, all unexpended funds are to be returned to Legal Service Corporation.

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions". Revenues other than Legal Services Corporation grant revenue is recognized as it is earned in accordance with approved contracts.

4. Property and equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

Property and equipment acquired with Legal Services Corporation funds are considered to be owned by Southeast Louisiana Legal Services Corporation while used in the program or future authorized programs. However, Legal Services Corporation has a reversionary interest in those assets and has a right to determine the use of any proceeds from the sale of assets purchased with its funds. Therefore, property and equipment is reported as temporarily restricted support.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Depreciation expense for the year ended December 31, 2006 totaled \$10,242.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Cash equivalents

The Corporation considers demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

7. Fair Values of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

8. Total Columns of Combined Statements

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2006 consists of the following:

Property and equipment	\$ 181,169
Less accumulated depreciation	<u>< 169,984 ></u>
	<u>\$ 11,185</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2006

NOTE C – ACCRUED TAXES AND EXPENSES

Accrued taxes and expenses consist of the following:

Accrued salaries	\$ 104,629
Accrued annual leave	141,135
Accrued payroll tax liabilities	<u>14,091</u>
	<u>\$ 259,855</u>

NOTE D – COMMITMENTS

Southeast Louisiana Legal Services Corporation has operating lease agreements for the rental of office space for its operations. Rental expense charged to operations totaled \$171,481 for the year ended December 31, 2006.

The operating lease for the corporation's Hammond office expires on April 30, 2007; Covington, Louisiana expires January 31, 2010, New Orleans, Louisiana expires January 31, 2008, and the Marrero, Louisiana office expires November 30, 2012.

Future minimum lease payments are as follows:

Year ending December 31,

2007	\$ 139,628
2008	37,131
2009	26,258
2010	26,258
2011	12,913
2012	<u>10,725</u>
	<u>\$ 252,913</u>

NOTE E – NET ASSETS – TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purposes as of December 31, 2006:

Property and equipment	\$ 11,186
Legal Services Corporation	420,425
American Bar Association	37,978
Skadden Fellowship	10,791
State of Louisiana – Department of Justice	62,500
Other non-federal	<u>29,086</u>
	<u>\$ 571,966</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE F – DEFERRED COMPENSATION PLAN

Southeast Louisiana Legal Services Corporation maintains a deferred compensation plan pursuant to Section 403(B) of the Internal Revenue Code. Employees are eligible to participate in the plan upon employment, but the employer's contribution is not allocated to the employee participant accounts until after one year of service. Also full vesting of benefits occurs after four years of employment. Covered employees may voluntarily contribute up to the lesser of (1) 20% of compensation, less 3% employer contribution, or (2) \$14,000 (\$18,000 over 50 years of age) less 3% employer contribution. The 2006 employer contribution rate remains unchanged from the prior year. The employer contribution for the year ended December 31, 2006 totaled \$48,184.

NOTE G – FUNCTIONAL EXPENSES

The functional expenses for the year ended December 31, 2006 consist of the following:

	<u>Total</u>	<u>Legal Services for the poor</u>	<u>Management and general</u>	<u>Fund raising</u>
Personnel:				
Salaries – lawyers	\$ 1,636,572	\$ 1,476,569	\$ 150,400	\$ 9,603
Salaries – non-lawyers	724,013	620,083	103,930	-
Fringe benefits	<u>584,053</u>	<u>508,864</u>	<u>72,623</u>	<u>2,566</u>
Total personnel benefits	2,944,638	2,605,516	326,953	12,169
 Contract services	 142,022	 132,072	 9,950	 -
Travel and training	45,729	40,131	5,394	204
Space costs	197,702	172,817	23,981	904
Supplies	57,697	50,397	7,035	265
Equipment	166,692	144,295	21,583	814
Depreciation	10,241	8,952	1,242	47
Litigation	15,823	15,823	-	-
Other	<u>99,207</u>	<u>94,458</u>	<u>4,622</u>	<u>127</u>
Total expenses	<u>\$ 3,679,751</u>	<u>\$ 3,264,461</u>	<u>\$ 400,760</u>	<u>\$ 14,530</u>

NOTE H – INCOME TAXES

Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE I - BOARD OF DIRECTORS COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2006.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2006

NOTE J – CONTRACT SERVICES

One of the general grant conditions of the Legal Services Corporation grant is that the recipient shall allocate a substantial amount of its annualized basic field grant award to provide the opportunity for the involvement of private attorneys in the delivery of legal assistance to eligible clients. A substantial amount has been defined as twelve and one-half percent (12 ½%) of the recipient's annualized basic field grant award. The corporation is in compliance with this grant condition.

NOTE K – CONCENTRATION OF CREDIT RISK

As of December 31, 2006, the corporation's cash balances consist of the following:

Cash balance, per bank statements	\$ 1,317,191
Less FDIC insurance and pledged securities	<u>< 1,255,716 ></u>
Unsecured balance	<u>\$ 61,475</u>

SUPPLEMENTAL INFORMATION

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

COMBINING STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

	SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION	NEW ORLEANS LEGAL ASSISTANCE CORPORATION	TOTAL
REVENUE			
Grants and fees	\$ 3,452,895	\$ -	\$ 3,452,895
Interest income	51,361	383	51,744
Donations	286,383	7,402	293,785
Other	<u>372,853</u>	<u>-</u>	<u>372,853</u>
Total revenues	4,163,492	7,785	4,171,277
EXPENSES			
Personnel:			
Salaries – lawyers	1,636,572	-	1,636,572
Salaries – non-lawyers	724,013	-	724,013
Fringe benefits	<u>584,053</u>	<u>-</u>	<u>584,053</u>
Total personnel expenses	2,944,638	-	2,944,638
Contract services	111,380	30,642	142,022
Travel and training	45,729	-	45,729
Space costs	197,702	-	197,702
Supplies	57,697	-	57,697
Equipment	166,692	-	166,692
Depreciation	10,241	-	10,241
Litigation	15,823	-	15,823
Other	<u>98,925</u>	<u>282</u>	<u>99,207</u>
Total expenses	<u>3,648,827</u>	<u>30,924</u>	<u>3,679,751</u>
Increase <decrease> in net assets	514,665	< 23,139>	491,526
Return of funds to funding source	< 29,768>	-	< 29,768>
Net assets, beginning of year	<u>542,697</u>	<u>44,176</u>	<u>586,873</u>
Net assets, end of year	<u>\$ 1,027,594</u>	<u>\$ 21,037</u>	<u>\$ 1,048,631</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

	LEGAL SERVICES CORPORATION					GILLIS LONG LAW CENTER
	BASIC FIELD GRANT	PRIVATE ATTORNEY INVOLVEMENT	TOTAL	TECHNICAL INITIATIVE GRANTS	HURRICANE KATRINA GRANT	
REVENUE						
Grants and fees	\$ 2,047,269	\$ 292,467	\$ 2,339,736	\$ 27,000	\$ -	\$ 36,000
Interest income	51,361	-	51,361	-	-	-
Donations	-	-	-	-	-	-
Other	305,464	-	305,464	-	-	-
Total revenues	<u>2,404,094</u>	<u>292,467</u>	<u>2,696,561</u>	<u>27,000</u>	<u>-</u>	<u>36,000</u>
EXPENSES						
Personnel:						
Salaries - lawyers	571,534	77,589	649,123	9,330	-	-
Salaries - non-lawyers	564,107	68,877	632,984	-	-	33,442
Fringe benefits	350,478	39,786	390,264	956	-	2,558
Total personnel expenses	<u>1,486,119</u>	<u>186,252</u>	<u>1,672,371</u>	<u>10,286</u>	<u>-</u>	<u>36,000</u>
Contract services	8,781	83,219	92,000	-	-	-
Travel and training	33,415	4,638	38,053	-	-	-
Space costs	166,804	13,772	180,576	-	-	-
Supplies	47,029	4,233	51,262	-	-	-
Equipment	139,992	9,241	149,233	17,459	-	-
Depreciation	-	-	-	-	-	-
Litigation	2,288	495	2,783	-	-	-
Other	73,578	7,015	80,593	-	2,423	-
Total expenses	<u>1,958,006</u>	<u>308,865</u>	<u>2,266,871</u>	<u>27,745</u>	<u>2,423</u>	<u>36,000</u>
Increase <decrease> in net assets	446,088	<u>\$ < 16,398 ></u>	429,690	< 745 >	< 2,423 >	-
Return of funds to funding source	-	-	-	-	< 12,768 >	-
Equipment capitalized	< 9,265 >	-	< 9,265 >	-	-	-
Net assets, beginning of year	-	-	-	< 12,773 >	15,191	-
Net assets, end of year	<u>\$ 436,823</u>	<u>\$ 420,425</u>	<u>\$ 420,425</u>	<u>\$ < 13,518 ></u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2006

	LOUISIANA BAR FOUNDATION DISASTER RELIEF	LOUISIANA BAR FOUNDATION JOLIA	DONATIONS RESTRICTED	AMERICAN BAR ASSOCIATION	EQUAL JUSTICE WORKS
REVENUE					
Grants and fees	\$ 19,550	\$ 226,727	\$ -	\$ 66,500	\$ 51,730
Interest income	-	-	-	-	-
Donations	-	-	86,431	8,000	-
Other	-	-	-	-	-
Total revenues	<u>19,550</u>	<u>226,727</u>	<u>86,431</u>	<u>74,500</u>	<u>51,730</u>
EXPENSES					
Personnel:					
Salaries - lawyers	17,400	117,700	154,915	69,245	48,513
Salaries - non-lawyers	-	46,800	248	-	-
Fringe benefits	<u>2,150</u>	<u>37,787</u>	<u>40,773</u>	<u>16,240</u>	<u>3,217</u>
Total personnel expenses	<u>19,550</u>	<u>202,287</u>	<u>195,936</u>	<u>85,485</u>	<u>51,730</u>
Contract services	-	8,085	-	-	-
Travel and training	-	-	-	4,107	-
Space costs	-	6,820	-	7,150	-
Supplies	-	3,235	-	1,100	-
Equipment	-	-	-	-	-
Depreciation	-	-	-	-	-
Litigation	-	-	-	-	-
Other	-	<u>6,300</u>	<u>776</u>	<u>5,180</u>	<u>-</u>
Total expenses	<u>19,550</u>	<u>226,727</u>	<u>196,712</u>	<u>103,022</u>	<u>51,730</u>
Increase <decrease> in net assets	-	-	< 110,281 >	< 28,522 >	-
Return of funds to funding source	-	-	-	-	-
Equipment capitalized	-	-	-	-	-
Net assets, beginning of year	-	-	<u>110,281</u>	<u>66,500</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,978</u>	<u>\$ -</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2006

	SKADDEN FELLOWSHIP	CAPITAL AREA AGING ON AGING	LIVINGSTON PARISH COUNCIL ON AGING	GOVERNOR'S OFFICE OF ELDERLY AFFAIRS	ADMINISTRATION ON AGING
REVENUE					
Grants and fees	\$ 27,751	\$ 13,423	\$ 6,824	\$ 1,210	\$ 60,045
Interest income	-	-	-	-	-
Donations	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>27,751</u>	<u>13,423</u>	<u>6,824</u>	<u>1,210</u>	<u>60,045</u>
EXPENSES					
Personnel:					
Salaries - lawyers	12,384	9,025	5,198	1,124	40,417
Salaries - non-lawyers	-	420	240	-	-
Fringe benefits	<u>4,576</u>	<u>1,203</u>	<u>416</u>	<u>86</u>	<u>7,876</u>
Total personnel expenses	16,960	10,648	5,854	1,210	48,293
Contract services	-	225	250	-	5,820
Travel and training	-	155	-	-	302
Space costs	-	600	360	-	-
Supplies	-	840	360	-	900
Equipment	-	-	-	-	-
Depreciation	-	-	-	-	-
Litigation	-	-	-	-	4,730
Other	-	955	-	-	-
Total expenses	<u>16,960</u>	<u>13,423</u>	<u>6,824</u>	<u>1,210</u>	<u>60,045</u>
Increase <decrease> in net assets	10,791	-	-	-	-
Return of funds to funding source	-	-	-	-	-
Equipment capitalized	-	-	-	-	-
Net assets, beginning of year	-	-	-	-	-
Net assets, end of year	<u>\$ 10,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2006

	AARP	UNITY OF GREATER NEW ORLEANS, INC.	CITY OF NEW ORLEANS ESG GRANT	CITY OF NEW ORLEANS SESG GRANT	INTERNAL REVENUE SERVICE GRANT	OTHER NON-FEDERAL
REVENUE						
Grants and fees	\$ -	\$ 89,242	\$ 41,000	\$ 14,000	\$ 47,500	\$ 49,700
Interest income	-	-	-	-	-	-
Donations	-	-	-	-	-	164,152
Other	-	-	-	-	-	67,389
Total revenues	-	<u>89,242</u>	<u>41,000</u>	<u>14,000</u>	<u>47,500</u>	<u>281,241</u>
EXPENSES						
Personnel:						
Salaries - lawyers	14,040	67,181	35,698	14,000	40,928	212,980
Salaries - non-lawyers	-	5,957	-	-	-	3,700
Fringe benefits	<u>1,074</u>	<u>16,104</u>	<u>5,302</u>	-	<u>3,390</u>	<u>27,365</u>
Total personnel expenses	15,114	89,242	41,000	14,000	44,318	244,045
Contract services	-	-	-	-	-	-
Travel and training	-	-	-	-	3,112	-
Space costs	-	-	-	-	-	2,196
Supplies	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Litigation	-	-	-	-	-	8,310
Other	-	-	-	-	70	2
Total expenses	<u>15,114</u>	<u>89,242</u>	<u>41,000</u>	<u>14,000</u>	<u>47,500</u>	<u>254,553</u>
Increase <decrease> in net assets	< 15,114 >	-	-	-	-	26,688
Return of funds to funding source	-	-	-	-	-	-
Equipment capitalized	-	-	-	-	-	-
Net assets, beginning of year	<u>15,114</u>	-	-	-	-	<u>2,398</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,086</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2006

	STATE OF LOUISIANA DEPARTMENT OF JUSTICE	UNITED WAY TANGIPAHOA	UNITED WAY	PROPERTY AND EQUIPMENT	GENERAL	TOTAL
REVENUE						
Grants and fees	\$ 168,750	\$ -	\$ -	\$ -	\$ 166,207	\$ 3,452,895
Interest income	-	-	-	-	-	51,361
Donations	-	17,800	10,000	-	-	286,383
Other	-	-	-	-	-	372,853
Total revenues	<u>168,750</u>	<u>17,800</u>	<u>10,000</u>	<u>-</u>	<u>166,207</u>	<u>4,163,492</u>
EXPENSES						
Personnel:						
Salaries - lawyers	85,955	19,678	11,738	-	-	1,636,572
Salaries - non-lawyers	-	5	217	-	-	724,013
Fringe benefits	<u>20,295</u>	<u>1,506</u>	<u>915</u>	<u>-</u>	<u>-</u>	<u>584,053</u>
Total personnel expenses	106,250	21,189	12,870	-	-	2,944,638
Contract services	-	-	-	-	5,000	111,380
Travel and training	-	-	-	-	-	45,729
Space costs	-	-	-	-	-	197,702
Supplies	-	-	-	-	-	57,697
Equipment	-	-	-	-	-	166,692
Depreciation	-	-	-	10,241	-	10,241
Litigation	-	-	-	-	-	15,823
Other	-	-	-	-	2,626	98,925
Total expenses	<u>106,250</u>	<u>21,189</u>	<u>12,870</u>	<u>10,241</u>	<u>7,626</u>	<u>3,648,827</u>
Increase <decrease> in net assets	62,500	< 3,389>	< 2,870>	< 10,241>	158,581	514,665
Return of funds to funding source	-	< 17,000>	-	-	-	< 29,768>
Equipment capitalized	-	-	-	9,265	-	-
Net assets, beginning of year	-	<u>20,389</u>	<u>2,870</u>	<u>12,162</u>	<u>310,565</u>	<u>542,697</u>
Net assets, end of year	<u>\$ 62,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,186</u>	<u>\$ 469,146</u>	<u>\$ 1,027,594</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

NOTES TO SUPPLEMENTAL INFORMATION

DECEMBER 31, 2006

Note 1. Private Attorney Involvement Costs

Private attorney involvement costs were generated from the following non-LSC programs:

General	\$ 5,110
Louisiana Bar Foundation	8,085
Other Grants	<u>2,013</u>
	<u>\$ 15,208</u>

Note 2. Net Assets - General

Net Assets – General consist of interest income, unrestricted contributions, and court filing fees.

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2006

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENT COSTS</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the City of New Orleans:	14.231	\$ 41,000	\$ -
Emergency Shelter Grant	14.231	14,000	-
State Emergency Shelter Grant			
Passed through the Unity for the Homeless, Inc.:			
Supportive Housing Program	14.231	<u>89,242</u>	<u>-</u>
Total U. S. Department of Housing and Urban Development		<u>144,242</u>	<u>-</u>
LEGAL SERVICES CORPORATION			
Basic Field	09.619081	2,266,871	63,000
Technical Initiative Grant	09.619081	27,000	-
Hurricane Katrina Grant	09.619081	<u>2,423</u>	<u>-</u>
Total Legal Services Corporation		<u>2,296,294</u>	<u>63,000</u>
INTERNAL REVENUE SERVICE			
LITC Program	21.008	<u>47,500</u>	<u>-</u>
Total Internal Revenue Service		<u>47,500</u>	<u>-</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Predatory lending	93.048	60,045	-
Passed through Livingston Council on Aging, Inc.:			
Title III B Supportive Services	93.633	6,824	-
Passed through Capital Area Agency on Aging::			
Title III B Supportive Services	93.633	<u>13,423</u>	<u>-</u>
Total U. S. Department of Health and Human Services		<u>80,292</u>	<u>-</u>
Total Federal Awards		<u>\$ 2,568,328</u>	<u>\$ 63,000</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2006

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Presentation of Financial Statements

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

B. Contract Compliance – Legal Services Corporation

Legal Services Corporation requires that the corporation expend 12 ½% of their funding towards private attorney involvement. The contract compliance condition was satisfied for the year ended December 31, 2006.

C. Non-federal contributions

The matching contributions for the year ended December 31, 2006 consist of the following:

Unity of Greater New Orleans, Inc.	\$ 47,194
Internal Revenue Service	47,500
Administration on Aging	31,232
City of New Orleans	55,000
	<u>\$ 180,926</u>

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Southeast Louisiana Legal Services Corporation

I have audited the financial statements of Southeast Louisiana Legal Services Corporation (non-profit corporation) as of and for the year December 31, 2006, and have issued my report thereon dated April 3, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Southeast Louisiana Legal Services Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Louisiana Legal Services Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlon, CPA

New Orleans, Louisiana
April 3, 2007

Justin J. Scanlan, C.P.A.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Southeast Louisiana Legal Services Corporation

Compliance

I have audited the compliance of Southeast Louisiana Legal Services Corporation (non-profit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2006. Southeast Louisiana Legal Services Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southeast Louisiana Legal Services Corporation's management. My responsibility is to express an opinion on Southeast Louisiana Legal Services Corporation's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southeast Louisiana Legal Services Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Southeast Louisiana Legal Services Corporation's compliance with those requirements.

In my opinion, Southeast Louisiana Legal Services Corporation's complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Southeast Louisiana Legal Services Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Southeast Louisiana Legal Services Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlon, CPA

New Orleans, Louisiana
April 3, 2007

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2006

A. SUMMARY OF THE AUDITOR'S REPORT

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
3. No instances of noncompliance that were material to the financial statements of Southeast Louisiana Legal Services Corporation were disclosed during the audit.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
5. The auditor's report on compliance for the major federal award programs for Southeast Louisiana Legal Services Corporation expresses an unqualified opinion on all major federal award programs.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of Circular A-133.
7. The programs tested as major programs included:

Legal Services Corporation – CFDA #09.619081
8. The threshold used to distinguish between Type A and Type B programs was \$300,000
9. Southeast Louisiana Legal Services Corporation did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings related to the financial statements for the year ended December 31, 2006.

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2006

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM
AUDIT**

There were no items identified in the course of my testing during the current year required to be reported.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.